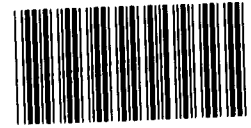


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STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON FEDERAL EXPENDITURES
RESEARCH AND RULES
OF THE
SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS
ON
IMPLEMENTATION OF THE
PAPERWORK REDUCTION ACT
PUBLIC LAW 96-511



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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our evaluation of progress and problems in implementing the Paperwork Reduction Act of 1980. My statement will focus primarily on implementation efforts made by the Office of Information and Regulatory Affairs (OIRA), established by the act within the Office of Management and Budget (OMB). I will also discuss the potential effects of pending and recently passed legislation on achieving the act's objectives.

One year ago, the Paperwork Reduction Act, which you and many other Members of Congress worked so long and hard to

bring about, became effective. We at GAO, as well as many authorities and practitioners in the rapidly growing field of information resources management, hailed the act as landmark legislation, having great promise for reducing Federal paperwork burdens on the public and achieving savings and increased productivity by better management of all Federal information resources.

Mr. Chairman, I would like to be able to report to you today that great strides have been made toward achieving the act's objectives. Unfortunately, that is not the case. While some progress has been made, several key tasks needed to get implementation of the act underway in the departments and agencies where the benefits can be achieved, have shown painfully slow progress. Little progress has been made in developing the Federal Information Locator System (FILS), an important management tool required by the act.

Two exemptions from the act's coverage have already been enacted into law, and a third, which would exempt information collections and recordkeeping requirements of the Internal Revenue Service (IRS)--the largest single source of paperwork burdens in the Federal Government--is currently pending before the Congress. We are concerned that such exemptions could undermine the entire framework for improving Federal information resources management established by the Paperwork Act.

Mr. Chairman, we identified 39 key requirements in the act as the basis for monitoring progress. Some of these requirements have specific statutory milestones to be completed in either 1 or 2 years. Others have no specific milestone and require continuing activity, so we would not expect all of them to be completed. We would, however, expect some progress on all of them after 1 year.

Attached to my statement is a scorecard showing our evaluation of the current status of the 39 requirements. In our view, only six have been completed. Eight others, such as reviewing individual paperwork requirements, are continuing processes. Of the remaining 25 requirements, 19 show slow progress, and 6 show no progress.

A closer look at the 13 requirements having specific statutory milestones shows the following. Of six requirements due to have been completed as of April 1, 1982, in our judgment, only one has been satisfactorily completed. Three more show slow progress. The other two have received no attention. Of seven requirements due to be completed by April 1, 1983, none have been completed, slow progress has been made on six, and one has received no attention.

Mr. Chairman, before I discuss the problems impeding progress in implementing the Paperwork Reduction Act, I would like to briefly address some of the reasons why the act was passed in the first place.

The need for the Paperwork Reduction Act grew out of a recognition by the Congress and the Executive Branch that, to a

large extent, the Federal Government runs on information. It collects vast quantities of information from the public. It will impose some 1.3 billion hours of burden during fiscal year 1982--according to OMB's most recent figures. It processes this and other information either manually or, increasingly with computers, and uses the information to make policy decisions, grant benefits, award and monitor contracts, manage and evaluate programs, and carry out all the day-to-day activities of Government. All of this information must be stored, disseminated, protected, and eventually disposed of. These information related activities require the use of resources--money, people, equipment, facilities, and supplies.

The Paperwork Reduction Act goes well beyond issues related to controlling Federal paperwork burdens on the public. It was designed to provide a policymaking framework and an organizational and management structure to improve the management of all the resources employed in collecting, processing, using, disseminating, storing, and disposing of information. The act addresses a wide range of other information management issues, such as establishing and coordinating statistical policy; improving records management practices; and promoting the improved application of ADP, telecommunications, and other information technologies. The act was also designed to encourage the application of various information management disciplines and skills in an integrated manner to improve agency efficiency, effectiveness, and productivity.

With this perspective in mind, I would now like to discuss a few of the key areas covered by the Paperwork Reduction Act and outline our views on the progress made and some of the problems we see impeding implementation of the act.

PROGRESS AND PROBLEMS IN CONTROLLING
PAPERWORK BURDENS

More progress has been made in controlling Federal paperwork burdens on the public than in most other areas covered by the act. OMB has brought into the fold those agencies which previously were not covered by its paperwork control process and is projecting burden reductions in excess of the act's 15 percent goal by the end of fiscal 1982. It has continued use of the information collection budget process as one of the principal tools for achieving such reductions.

However, a number of problems persist:

- OIRA resources continue to be directed to tasks other than those contemplated by the act;
- basic policy guidance for implementing the paperwork review process has not been made consistent with the act; and
- criteria have not been developed for delegating authority to agencies to issue information collection requests without individual OMB reviews.

OMB projects that the act's 15 percent goal for reducing Federal paperwork burdens on the public by October 1, 1982, will be met--and in fact exceeded. This is based on a projected reduction of some 200 million burden hours from OMB's adjusted 1980 baseline of 1.5 billion hours. However, we should point out

that the total estimated paperwork burden as OMB projects it, will still be 1.3 billion hours as of October 1, 1982.

We also would note that attaining that 1.3 billion hour figure is contingent in many cases on actions yet to be taken. For example, almost 15 million hours of the projected reduction is to come from IRS. As I mentioned earlier, legislation is currently being considered which would exempt information collections by IRS from the Paperwork Act. I will address this issue later in my statement. If the burden reduction claims stand up to scrutiny, OMB will have a good start on reducing paperwork burdens; however, much remains to be done.

A substantial portion of OIRA's limited resources continue to be devoted to regulatory review activities under Executive Order 12291, activities not prescribed by the Paperwork Act. OIRA had conducted about 3,400 such reviews as of March 31, 1982. We do not wish to minimize the importance of regulatory review, but the fact remains that resources provided to OIRA are being used for purposes other than implementing the Paperwork Act. This problem could be eliminated if, as we have suggested, OMB were required to present its budget request with a separate line item for OIRA's resource requirements for implementing the Paperwork Reduction Act. This would also enhance the Congress' ability to maintain accountability for these activities.

With regard to basic policy guidance, OMB Circular A-40 provides such guidance for Federal agencies in controlling the paperwork requirements they impose on the public. This

circular was last revised in 1976. Obviously, it does not provide guidance for implementing the broader paperwork control authority required by the Paperwork Act. As a result, it is not of much help to the agencies. We understand that OMB plans to issue a draft revision for agency comment in the near future but does not expect final action for several months.

A key provision of the act allows OMB to delegate authority to agencies which demonstrate sufficient capability to review and issue paperwork requests without OMB reviews of each individual requirement. To date, OMB has taken no action toward developing criteria for agencies to obtain such delegations. Continuation of the heavy workload of individual reviews hampers OMB's ability to direct more attention to its policymaking and oversight responsibilities for Government-wide information management issues--a basic objective of the act.

Mr. Chairman, you also asked that we address the issue of whether paperwork requirements contained in Government contracts were covered by the act. We believe such requirements are covered. In fact OMB's Circular A-40, outdated though it may be, provides for such coverage, except for requirements for certain kinds of technical information, when identical information is required to be submitted by 10 or more persons.

This provision is not, however, always enforced. For example, in a recent audit of education-related paperwork, we found numerous identical information requirements being imposed on more than 10 contractors. These requirements had not been

approved by OMB. If this situation is widespread, OMB has much to do in bringing it under control, given the extent of Government contracting.

STATUTORY EXEMPTIONS THREATEN
TO UNDERMINE THE ACT

Mr. Chairman, I would now like to address what we see as a very serious problem--the granting of exemptions from Paperwork Reduction Act coverage. One of the main purposes of the act was to eliminate all existing agency exemptions from OMB's central review of proposed information collections. By obtaining exemptions from the act, agencies are relieved of the controls necessary to ensure that they effectively manage their information resources. In three instances--two already enacted into law and one currently pending before the Congress--exemptions are provided from the Paperwork Reduction Act.

Exemptions are provided to the Secretaries of Commerce and the Interior under amendments (Public Law 97-58) to the Marine Mammal Protection Act of 1972 and to the Secretary of Health and Human Services under amendments to the Public Health Service Act which were contained in the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35). Significantly, when the President signed the Marine Mammal Act amendments, he expressed concern about the exemption from the Paperwork Act and other regulatory review processes. The most significant exemption--still under congressional consideration--is contained in the Taxpayer Compliance Improvement Act of 1982 (S.2198 and H.R. 5829). Section 202 of these bills would have the effect of

removing information collections by the Internal Revenue Service and, to some extent, other Treasury Department units from coverage of the Paperwork Act.

In the case of IRS, although we support the objective of reducing the nonpayment and underpayment of taxes which the bills are attempting to accomplish, we have strong reservations about section 202. If it is enacted, the Congress, OMB, and the public will lose accountability and oversight for about one-half of the burden of reporting to the Government. Leaving IRS subject to the act would not prevent it from levying new, needed reporting requirements. The act does not interfere with the collection of information clearly needed to carry out agency responsibilities.

Further, IRS can only benefit from adhering to all requirements of the Paperwork Reduction Act. In several prior reports, we have pointed out weaknesses in IRS' use and management of information which have led to higher costs or inefficiencies. In April 1981, we testified on problems experienced by IRS in administering the Crude Oil Windfall Profit Tax Act of 1980, including delays in designing its computerized information system to support the agency's information needs. The Paperwork Act was designed to help agencies solve these kinds of information management problems by requiring the establishment of appropriate organizational and management structures. Successful implementation of the Paperwork Act--not exemption from it--would seem to be what is needed for IRS to improve its administration of the tax laws through more efficient collection, processing, and use of information.

Mr. Chairman, we do not believe that any exemptions to the Paperwork Reduction Act are necessary. Although the recently enacted exemptions do not appear to be extensive, we are concerned that they create a precedent. The Paperwork Act contains ample flexibility to deal with any conceivable situation, and we believe that further exemptions may undermine the entire framework for improving Federal information resources management.

OTHER AREAS NEEDING PRIORITY ATTENTION

Mr. Chairman, several other key areas of the act need priority attention by both OMB and the agencies. I will briefly discuss three particularly important items:

- OMB's failure to meet the statutory milestone for developing the Federal Information Locator System (FILS).
- Agencies' problems in implementing requirements of the act necessary for further progress.
- OMB's failure to fully involve the General Services Administration (GSA) and the Department of Commerce in implementing the act.

Federal Information Locator System Not Developed

The statutory milestone for having an operational FILS was April 1, 1982. As envisioned by the act, this automated system would provide a critically needed management tool for identifying and assisting in eliminating duplicative paperwork requirements. Although several studies and planning efforts have been undertaken, little progress has been made toward developing FILS.

Delay in hiring a project manager and lack of funds are cited by OMB as reasons for the delay.

OMB hired a FILS project manager in December 1981, and work on this project has begun. According to OMB's annual report to be released today, the new target dates for implementing a FILS prototype and a fully operational FILS are October 1982 and October 1983, respectively.

Agencies' Problems in Implementing
Basic Requirements of the Act

Secondly, many agencies' implementation of the act's requirements has been painfully slow. Most were late in making designations of their senior information management officials and in developing plans for reviewing their information management activities. Additionally, designated senior officials in most departments have significant duties beyond those required by the act.

Over half of the agencies missed the act's July 1, 1981, deadline for designating their senior information management officials. Over 70 percent of the agencies failed to meet OMB's September 1, 1981, deadline for submitting plans for reviewing their information management activities. One major department--Treasury--did not appoint a permanent senior official until February 1982, and has not yet provided OMB with a review plan.

These delays have affected OMB's progress in implementing its responsibility for reviewing each agency's information management activities once every 3 years. The agencies have

identified over 200 information management activities for review. In March 1982, OMB selected 66 of these projects involving 26 agencies for monitoring as part of its triennial review responsibility. Thus, some 15 months after the act was passed and 11 months after it became effective, fulfillment of one of its most basic requirements is finally beginning.

Most departments have designated Assistant Secretaries for Administration, or equivalent positions, as the senior official responsible for all information management activities under the act. Assistant Secretaries for Administration have numerous other duties, including department-wide procurement and personnel responsibilities, some of which could conflict with achieving the Paperwork Act's objectives. We believe the senior official's duties should be limited to those necessary to implement the act--which should be a full-time job for anyone. Consequently, we believe OMB should reassess the desirability of accepting such designations as being consistent with achieving the act's objectives.

OMB's Failure to Fully Involve
GSA and Department of Commerce

The last item I want to discuss concerns the fact that GSA and the Department of Commerce are both assigned key roles in assisting OMB in implementing the Paperwork Act. GSA has Government-wide responsibilities for the acquisition and use of automatic data processing (ADP) and telecommunications equipment, and for records management. Commerce is responsible for developing and recommending Federal information processing

standards and conducting research in computer technology. It also provides scientific and technical advice to both OMB and GSA in support of ADP policy development. These responsibilities were reemphasized by the act and GSA was given a major new responsibility for assisting OMB in reviewing agencies' information management activities.

OMB, however, has yet to provide leadership or formal guidance to GSA and Commerce. Further, budget cuts are affecting key information-related activities at both agencies which could have serious adverse effects on achieving the act's objectives.

Neither agency has played a significant role in developing plans for implementing the act. Only minimal advice and assistance were sought from GSA and Commerce in developing the guidance OMB provided the agencies. GSA's participation in OMB's reviews of the 66 projects mentioned earlier is limited to one review at the Treasury Department. OMB should work more closely with both GSA and Commerce in implementing the Paperwork Reduction Act. In our opinion, continued absence of full involvement by these agencies will inevitably have an adverse effect on achieving the goals of the act.

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Mr. Chairman, in summary, progress toward achieving the Paperwork Reduction Act's objectives has been slow. OMB has failed to provide the forceful leadership and guidance needed

to create the momentum for timely and effective implementation of the act.

Action is needed to ensure that:

- OMB gives priority to implementing all provisions of the act;
- OMB provides clear-cut guidance to the agencies;
- agencies develop appropriate management structures and plans for implementing the act; and
- OMB effectively coordinates with GSA, the Department of Commerce, and the agencies in working toward achieving the act's objectives.

Mr. Chairman, this concludes my prepared statement. We would be happy to answer any questions you or other Members of the subcommittee may have.

PROGRESS REPORT ON OMB'S TASKS AND
RESPONSIBILITIES UNDER THE PAPERWORK
REDUCTION ACT OF 1980, P.L. 96-511
MARCH 1982

<u>Description of Task</u>	<u>Status</u>
1. Define OIRA structure.	Completed.
2. Delegate act functions to OIRA.	Completed.
3. Arrange for transfer of personnel by 4/1/81.	Completed. Statistical personnel transfers not completed until August 23, 1981.
4. Establish agency burden reduction goals by 4/1/81 and identify initiatives which would reduce burden associated with Federal grant programs by 4/1/82.	Completed.
5. Issue guidance to agencies on establishing their senior officials.	Completed. Minimal guidance provided. OMB Bulletin 81-21 simply restates P.L. 96-511.
6. Issue guidance to agencies for conducting their information management reviews.	Slow progress. Minimal formal guidance provided. Continuing informal guidance provided to individual agencies on their plans.
7. Review agency information management activities at least once every 3 years and report to Congress.	Slow progress. In March 1982, OMB issued a report identifying 66 activities of 26 agencies for review. No reviews yet completed.
8. Coordinate records management with other related information programs.	Slow progress. OMB developing several ideas in this area.
9. Obtain advice and assistance from GSA in reviewing agencies' information management activities.	Slow progress. GSA provided OMB comments in March 1982, on OMB's report discussed in item 7. GSA will assist OMB in reviewing 1 activity at 1 department. OMB informally requested and received from GSA in February 1982, a draft revision to Circular A-71, dealing with management of ADP activities.

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<u>Description of Task</u>	<u>Status</u>
10. Develop and oversee ADP/telecommunications policy.	Slow progress. No new policy developed. OMB and GSA currently revising Circular A-71.
11. Oversee ADP/telecommunications acquisitions.	Continuing process. No new oversight practices implemented. Existing oversight practices, consisting primarily of reviewing agencies' ADP/telecommunications budget proposals continued.
12. Coordinate and make uniform Federal information policies and practices by 4/1/83.	No progress. OMB does not consider this a high priority and has deferred this task.
13. Appropriations for OIRA funding authorization.	Slow progress. OMB displayed a budget item for information and regulatory affairs in the 1983 budget. However, OMB failed to separately identify funding for the Paperwork Act activities of OIRA. This conflicts with Congressional intent.
14. Oversee planning for information research practices.	No progress. OMB does not consider this a high priority.
15. Oversee agencies' information collection requests--approval process.	Continuing process.
16. Complete actions on Commission on Federal Paperwork recommendations by 4/1/83.	Slow progress. First report on multi-agency recommendations was issued in January 1981; a report on implementing departmental recommendations is in the final stages of completion.
17. Delegate clearance authority for approving proposed information collection requests to the agencies.	No progress. No delegations have occurred. OMB has not developed criteria based on agencies' clearance performance to provide a basis for delegation.

<u>Description of Task</u>	<u>Status</u>
18. Issue guidance and promulgate rules, regulations or procedures necessary to exercise the paperwork control authority provided by the act.	Slow progress. OMB has issued limited formal guidance. Circular A-40, guidance document for clearing reporting and recordkeeping requirements, is now being revised.
19. Develop long-range plans for improved performance of Federal statistical activities and programs.	Slow progress. OMB is presently updating the document for planning U.S. Federal statistics for the '80s. A central perspective on statistical policy for agency guidance has not yet been developed. Critical components of Federal statistical system are facing budget cuts.
20. Develop and coordinate Government-wide statistical policies.	Slow progress. Statistical policy directives rewritten, but not issued.
21. Develop ADP/Telecommunications 5-Year plan by 4/1/83.	Slow progress. Several planning processes are being discussed and analyzed.
22. Develop a program to enforce Federal information processing standards by 4/1/83.	Slow progress. Various approaches are under consideration by OMB.
23. Revitalize standards development program by 4/1/83.	Slow progress. Federal information processing standards program is facing budget cut. Proposed legislation submitted to Congress to transfer standards development program from Commerce to GSA.
24. Identify productivity initiatives using information processing technology by 4/1/83.	Slow progress. OMB plans to identify productivity initiatives through its reviews of agency information management review plans and its triennial reviews. OMB announced in March 1982, several agency programs it will evaluate.

<u>Description of Task</u>	<u>Status</u>
25. Promote use of information processing technology.	Continuing process. OMB believes some projects having potential for improving information technology applications are included in its March 1982, review plan.
26. Report to Congress on major Paperwork Act activities annually.	Continuing process. First report issued April 1982.
27. Propose changes in legislation to improve information resources management practices and to eliminate impediments to burden reduction.	Continuing process. Some legislative changes have been developed and proposed. Several legislative impediments to burden reduction have been identified.
28. Establish audit standards and requirements for information systems by 4/1/82.	Slow progress. OMB deferred this task. OMB began this project in March 1982, by meeting with GAO staff to obtain information and advice.
29. Assign responsibility for Government-wide and multi-agency audits by 4/1/82.	No progress. OMB deferred this task.
30. Settle disputes between GSA and agencies under the Brooks Act (P.L. 89-306).	Continuing process. No disputes have been formally referred to OMB since the Paperwork Act became effective.
31. Develop a Federal Information Locator System and have it operational by 4/1/82.	Slow progress. OMB did not meet the statutory deadline. OMB is evaluating two existing automated systems before proceeding with the development of a FILS prototype. A fully operational FILS is not expected until October 1983--18 months after the statutory deadline.
32. Develop a proposal to augment FILS to include major agency holdings by 4/1/82.	No progress. Waiting for the establishment of a fully operational FILS.

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<u>Description of Task</u>	<u>Status</u>
33. Identify areas of duplication in information collection and develop a schedule and methods for its elimination by 4/1/82.	Slow progress. Efforts to identify duplication are made in connection with routine paperwork requirement reviews. Eighteen cases have been identified. No systematic reviews for duplication have been made.
34. Develop and implement policy guidance on disclosure of information, confidentiality, and security of information.	Slow progress. One approach under consideration. However, no new policy or guidance issued.
35. Propose legislation to remove inconsistencies for privacy, confidentiality, and disclosure of information by 4/1/83.	Slow progress. Recommendations for administrative and legislative change are being evaluated.
36. GAO access to records.	Agreement completed on access for this assignment. GAO was provided access to records except those which contain advice, recommendations and/or opinions to superiors.
37. Designate central collection agencies where appropriate.	Continuing process. No opportunities identified.
38. Direct agency sharing of information where appropriate.	Continuing process. No opportunities identified.
39. Obtain assistance from GSA in developing standards for records retention by the public.	No progress. OMB considers this a low priority.